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**East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
General Purpose Financial Statements
As of and for the Year Ended December 31, 1998**

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Release Date 7-21-99

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

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Independent Auditors' Report

Board of Commissioners
East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

We have audited the accompanying general purpose financial statements of the East Central Bossier Parish Fire District No. 1, a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the East Central Bossier Parish Fire District No. 1's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the East Central Bossier Parish Fire District No. 1, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The year 2000 supplementary information on page 14 is not a required part of the general purpose financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted of principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the District is or will become year 2000 compliant, that the District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 1999 on our consideration of East Central Bossier Parish Fire District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Cook & Morehart
Certified Public Accountants
April 20, 1999

East Central Bossier Parish Fire Distric No. 1
 Haughton, Louisiana
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 1998

	Governmental Fund Types		Account Groups		Total (Memorandum Only)
	General	Debt Service	General Fixed Assets	General Long-Term Debt	
Assets and Other Debits					
Cash	\$ 22,159	\$ 111	\$	\$	\$ 22,270
Investments	193,556	162,377			355,933
Receivables-ad valorem taxes	210,239				210,239
Property and equipment			1,191,096		1,191,096
Amount available in debt service fund				125,000	125,000
Total assets and other debits	\$ 425,954	\$ 162,488	\$ 1,191,096	\$ 125,000	\$ 1,904,538
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable	\$ 11,349	\$	\$	\$	\$ 11,349
Accrued expenses	1,379				1,379
General obligation bonds payable				125,000	125,000
Total liabilities	12,728			125,000	137,728
Fund equity:					
Investment in general fixed assets			1,191,096		1,191,096
Fund balances-					
Reserved for debt service		162,488			162,488
Unreserved, undesignated	413,226				413,226
Total fund equity	413,226	162,488	1,191,096		1,766,810
Total liabilities and fund equity	\$ 425,954	\$ 162,488	\$ 1,191,096	\$ 125,000	\$ 1,904,538

The accompanying notes are an integral part of this statement.

East Central Bossier Parish Fire Distric No. 1
 Haughton, Louisiana
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 1998

	General	Debt Service	Total (Memorandum Only)
Revenues			
Ad valorem taxes	\$ 211,022	\$	\$ 211,022
Intergovernmental-fire insurance rebate	22,838		22,838
Donations and other income	11,986		11,986
Interest income	14,182	8,758	22,940
Total revenues	<u>260,028</u>	<u>8,758</u>	<u>268,786</u>
Expenditures			
Current:			
General government	6,244		6,244
Public Safety	181,891	629	182,520
Capital outlay	38,722		38,722
Debt service:			
Principal retirement		115,000	115,000
Interest and fiscal charges		13,203	13,203
Total expenditures	<u>226,857</u>	<u>128,832</u>	<u>355,689</u>
Excess of revenues over (under) expenditures	33,171	(120,074)	(86,903)
Fund balances at beginning of year	<u>380,055</u>	<u>282,562</u>	<u>662,617</u>
Fund balances at end of year	<u>\$ 413,226</u>	<u>\$ 162,488</u>	<u>\$ 575,714</u>

The accompanying notes are an integral part of this statement.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances-
 Budget (Cash Basis) and Actual
 General Fund
 For the Year Ended December 31, 1998

	General Fund		Variance- Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Ad valorem taxes	\$ 195,149	\$ 195,776	\$ 627
Intergovernmental-fire insurance rebate	22,000	22,838	838
Donations and other income	450	11,986	11,536
Interest income	9,000	14,182	5,182
Total revenues	<u>226,599</u>	<u>244,782</u>	<u>18,183</u>
Expenditures			
General government	6,147	5,827	320
Public Safety	206,452	184,721	21,731
Capital outlay	44,000	38,722	5,278
Total expenditures	<u>256,599</u>	<u>229,270</u>	<u>27,329</u>
Excess of revenues over (under) expenditures	(30,000)	15,512	45,512
Fund balances at beginning of year	<u>145,473</u>	<u>199,787</u>	<u>54,314</u>
Fund balances at end of year	<u><u>\$ 115,473</u></u>	<u><u>\$ 215,299</u></u>	<u><u>\$ 99,826</u></u>

The accompanying notes are an integral part of this statement.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 1998

(1) Summary of Significant Accounting Policies

The East Central Bossier Parish Fire District No. 1 (the district) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute (R.S.) 40:1492, on October 29, 1979 by ordinance number 849. The district is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury. The Board of Commissioners received no compensation during 1998. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

A. Basis of Presentation

The accompanying general purpose financial statements of the East Central Bossier Parish Fire District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The district is a component unit of the Bossier Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
(Continued)
December 31, 1998

Funds of the district are classified as governmental funds. Governmental funds account for the district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the serving of general long-term debt. Governmental funds and account groups of the district include:

1. General Fund – the general operating fund of the district and accounts for all financial resources, except those required to be accounted for in other funds.
2. Debt Service Fund – accounts for transactions relating to resources retained and used for the payment of principal, interest, and other related costs on those long-term obligations recorded in the general long-term debt account group.
3. General Fixed Assets Account Group – used to account for fixed assets used in governmental fund type operations for control purposes.
4. General Long-Term Debt Account Group – used to account for long-term liabilities to be financed from government funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The district uses the following practices in recording revenues and expenditures:

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
(Continued)
December 31, 1998

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. R.S. 7:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January and February of the current year.

Other intergovernmental revenues are recorded when the district is entitled to the funds. Interest income on demand and time deposits are recorded when the interest has been earned and the amount is determinable.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. Budgets

The district uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the paid firefighter prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the Board of Commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for all funds. There was one amendment to the 1998 budget, which is reflected in the accompanying budgetary financial statements.

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 (Continued)
 December 31, 1998

Budget comparison statements included in the accompanying financial statements include the original and adopted budgets and all subsequent amendments. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on page 5 (budget basis) with the amounts shown on page 4 (GAAP basis):

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 15,512
Adjustments:	
Revenue accruals – net	15,245
Expenditure accruals – net	<u>2,414</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 33,171</u>

F. Encumbrances

Encumbrance accounting is employed as an extension of the formal budgetary process. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Any encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There were no encumbrances outstanding at December 31, 1998.

G. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
(Continued)
December 31, 1998

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost which approximates market.

H. Fixed Assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value at date of donation.

I. Compensated Absences

Full-time employees of the district earn five days of vacation leave each year. Vacation and sick leave do not accumulate.

At December 31, 1998, there were no employee leave benefits requiring recognition. The cost of leave privileges is recognized as a current-year expenditure when leave is actually taken.

J. Long-Term Obligations

Long-term obligations expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

K. Total Columns on Statements

Total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in those columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 (Continued)
 December 31, 1998

L. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	10.00	9.65	1998
Debt Service	variable	2.00	1998

During October, 1998, voters approved a 10 year 19 mill property tax for operations, beginning with the 1999 year.

(3) Cash and Cash Equivalents

At December 31, 1998, the district had cash and cash equivalents (book balances) totaling \$22,270 in interest-bearing demand deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the district had \$31,535 in deposits (collected bank balances). These deposits are secured entirely from risk by federal deposit insurance.

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 (Continued)
 December 31, 1998

(4) Investments

At December 31, 1998, the district had investments totaling \$355,933 consisting of U.S. Money Market Funds. The carrying amount of these investments approximates market value.

The investments are in the name of the district and are held by the district's fiscal agent. The money market funds are considered category 1 in applying the credit risk of GASB Codification Section 150.164.

(5) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance 12-31-97	Additions	Retirements	Balance 12-31-98
Land	\$ 44,500	\$ -	\$ -	\$ 44,500
Buildings	217,164	-	-	217,164
Equipment	896,152	38,722	(5,442)	929,432
Total general fixed assets	<u>\$ 1,157,816</u>	<u>\$ 38,722</u>	<u>\$ (5,442)</u>	<u>\$ 1,191,096</u>

(6) Pension Plan

The employees of the district are members of the Social Security System. Additionally, the district participates in a SIMPLE IRA retirement plan covering the district's full-time employee. Under the plan, the district contributes up to three percent of each eligible employee's salary. The plan became effective in January 1998. Total employer contribution to the plan for the year ended December 31, 1998 was \$783.

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 (Continued)
 December 31, 1998

(7) Changes in General Long-Term Debt

The following is a summary of general obligation bond transactions of the East Central Bossier Parish Fire District No. 1 for the year ended December 31, 1998:

	<u>Balance</u> <u>12-31-97</u>	<u>Payments</u>	<u>Balance</u> <u>12-31-98</u>
General Obligation Bonds	\$ <u>240,000</u>	\$ <u>115,000</u>	\$ <u>125,000</u>

Bonds payable at December 31, 1998 are comprised of the following individual issues:

General obligation bonds –

\$875,000 – 1989 bonds for acquisition of buildings, machinery, and equipment due in annual installments of \$30,000 to \$125,000 through March 1, 1999; interest rates of 7.10 to 7.25 percent. The debt redemption is paid from the Debt Service Fund. At December 31, 1998 the amount of funds available to service the General Obligation bonds is \$125,000

\$ 125,000

The annual requirements to amortize all debt outstanding as of December 31, 1998, including interest payments of \$4,531 for the General Obligations Bonds are as follows:

Year Ending
December 31

1999

\$ 129,531

(8) Subsequent Event

During February, 1999 the district purchased a fire truck with a cost of approximately \$167,970.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Supplementary Information Schedule
Year 2000 Disclosure
(Unaudited)
December 31, 1998

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. The District has completed an inventory of computer systems that may be affected by the year 2000 issue that are critical to conducting operations of the fire district's office. Management of the District has identified the following system requiring 2000 remediation: the emergency response system. Management of the fire district has contacted outside vendors for remediation, testing and validation. The approximate cost for updating the emergency response system is an insignificant amount. The anticipated installation date is before December 31, 1999.

COOK & MOREHART

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Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

Board of Commissioners
East Central Bossier Parish Fire District No. 1

We have audited the general purpose financial statements of East Central Bossier Parish Fire District No. 1 as of and for the year ended December 31, 1998, and have issued our report thereon dated April 20, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.


Compliance

As part of obtaining reasonable assurance about whether East Central Bossier Parish Fire District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered East Central Bossier Parish Fire District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cook & Morehart". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.

Cook & Morehart
Certified Public Accountants
April 20, 1999

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Summary Schedule of Audit Findings
December 31, 1998

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 1997.

Corrective Action Plan for Current Year Audit Findings

There were no findings or management letter comments for the current year audit for the year ended December 31, 1998.